

**BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2004-279-C

IN RE: Application of Time Warner Cable Information)
Services (South Carolina), LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Interexchange and Local Voice Services in Alltel)
South Carolina, Inc.'s Service Areas)
)

TESTIMONY OF

JULIE Y. PATTERSON

1 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE
2 RECORD.

3 A. My name is Julie Y. Patterson and I am Vice President and Chief Counsel, Telephony for
4 Time Warner Cable. My business address is 290 Harbor Drive, Stamford, Connecticut
5 06902. My telephone number is (203) 328-0671 and my email address is
6 julie.patterson@twcable.com.

7 Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

8 A. I am responsible for legal affairs and state and federal regulatory issues relating to Time
9 Warner Cable's deployment of Voice Over IP services and telecommunications services
10 throughout the country. This involves obtaining necessary telephone authorizations from
11 state utilities commissions; providing advice regarding regulatory compliance; developing
12 regulatory policy; and providing support to Time Warner Cable's Divisions relating to all
13 issues relating to Voice Over IP and telecommunications services.

14 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND
15 EXPERIENCE.

16 A. I am an attorney and have specialized in the area of communications. I practiced
17 communications law in private practice for several years. I then served as an Attorney
18 Advisor in the Common Carrier Bureau of the Federal Communications Commission. While
19 working for the FCC, I worked on issues relating to local telephone competition, the
20 deployment of broadband services, Bell Operating Company section 271 applications, and
21 communications and media mergers. Immediately prior to joining Time Warner Cable, I was
22 Associate General Counsel for Net2Phone, Inc., an IP Telephony company. I have a B.A.
23 degree from the University of Pennsylvania and a J.D. from the College of William and
24 Mary.

1 Q. PLEASE BRIEFLY DESCRIBE YOUR COMPANY'S CORPORATE STRUCTURE.

2 A. Time Warner Cable Information Services (South Carolina), LLC ("TWCIS") is a limited
3 liability company organized under the laws of the State of Delaware. The two members of
4 the company are Time Warner Cable Inc. ("TWC"); and Time Warner Entertainment-
5 Advance/Newhouse Partnership ("TWEAN"). Time Warner, Inc. is the ultimate corporate
6 parent of TWC and TWEAN. Time Warner Cable is committed to providing the necessary
7 financial support to the operations of TWCIS.

8 Q. ARE YOU FAMILIAR WITH THE APPLICATION YOUR COMPANY SUBMITTED TO
9 THIS COMMISSION?

10 A. Yes, I am familiar with the Application.

11 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

12 A. The purpose of my testimony is to present evidence on the financial, technical and
13 managerial abilities of TWCIS and to discuss the proposed expansion of our certificated
14 authority to include those areas served by Alltel South Carolina, Inc. ("ALLTEL").

15 Q. PLEASE DISCUSS THE MANAGERIAL ABILITY OF TWCIS TO PROVIDE
16 TELECOMMUNICATIONS SERVICES IN SOUTH CAROLINA.

17 A. In Order No. 2004-213, the Commission concluded that TWCIS possessed the managerial
18 and technical resources to provide telecommunications services. TWCIS continues to rely on
19 the same individuals identified in its initial certification.

20 In addition, TWCIS relies on its local employees headed by Charlene Keys, Vice
21 President & General Manager of Digital Phone. Ms. Keys most recently served as the
22 Managing Partner/Co-Founder of Civature Consulting, Inc., in Atlanta, Georgia. She has also
23 held senior management positions at KMC Telecom; MCI WorldCom, Inc.; and Sprint
24 Corp. While serving as General Manager at Ameritech Corp. in mid-1990's, Ms. Keys was
25 selected to participate in an executive exchange program with Deutsche Telecom in Bonn,
26 Germany. She has a Master's Degree in Business Administration from Mercer University in

1 Atlanta and received her Bachelor's Degree in Business from the University of the State of
2 New York in Albany. Locally and nationally TWCIS is managed and operated by a team of
3 well-qualified and seasoned telecommunications professionals who are capable of providing
4 state of the art services.

5 Q. DESCRIBE TWCIS'S FINANCIAL ABILITY TO OPERATE AS A
6 TELECOMMUNICATIONS CARRIER.

7 A. Time Warner Cable maintains a relationship with TWCIS which provides funding, financing
8 and the capital necessary to provide services to customers in the expanded service area.
9 Time Warner Cable is committed to providing the financial support as needed for the
10 expansion of authority into ALLTEL's service area.

11 Q. PLEASE DESCRIBE THE OPERATIONS OF TWCIS AND THE SERVICES IT
12 PROPOSES TO OFFER IN SOUTH CAROLINA.

13 A. TWCIS seeks authority to expand its certificated authority to include ALLTEL's service
14 area. At the time we filed this application last October, TWCIS anticipated that it would be
15 providing the same facilities-based Internet Protocol ("IP") voice service currently being
16 provided to customers throughout the State of South Carolina except in those areas where the
17 local incumbents currently have a rural exemption. TWCIS is currently providing features
18 similar to those offered by traditional analog telephone service but utilizes IP technology to
19 transport telephone calls. Customers are able to call and be called by other IP voice service
20 subscribers as well as other parties connected to the public switched telephone network
21 ("PSTN"). The service is offered on a bundled flat-rate basis and allows standard local
22 calling in addition to operator services, directory assistance, enhanced "911" services,
23 outbound 800 toll free calling, custom calling features such as call waiting, caller
24 identification, and directory listing. From a consumer perspective, TWCIS currently

1 provides unlimited local and long distance calling for a single price that includes popular
2 calling features. TWCIS utilizes local number portability permitting consumers to maintain
3 their existing telephone numbers in addition to whole-home wiring and the opportunity to
4 utilize each telephone jack in the home. The proposed services are described more
5 completely in the current South Carolina Tariff which is on file with the Commission.

6 Q. WHAT HAS CHANGED SINCE THE TIME TWCIS FILED ITS APPLICATION?

7 A. As we indicated in our application Voice Over IP is a new technology. The Federal
8 Communications Commission recently addressed the question of whether Voice Over IP
9 services are subject to state and/or federal regulation *In the Matter of Vonage Holdings*
10 *Corporation Petition for Declaratory Ruling Concerning an Order of the Minnesota Public*
11 *Utilities Commission*, WC Docket No. 03-211, Memorandum Opinion and Order, FCC 04-
12 267, released November 12, 2004 ("Vonage Order"). Paragraph 32 indicates that to the
13 extent cable companies provide VoIP services, state regulation is preempted. The FCC
14 preempted the states from imposing "certification, tariffing or other related requirements as
15 conditions to offering DigitalVoice" Vonage Order, ¶ 46.

16 Q. HOW DOES THIS CHANGE AFFECT TWCIS CURRENT APPLICATIONS?

17 A. Since the Vonage Order preempts the state from imposing certification and tariffing
18 requirements, TWCIS intends to withdraw the retail service offerings in its current tariff. A
19 new non-regulated entity will be created to provide the retail voice services currently being
20 offered by TWCIS. TWCIS intends to remain a certificated carrier and will obtain
21 interconnection services from incumbent LECs and eventually offer wholesale services to the
22 newly created non-regulated entity.

23 Q. HOW WILL THIS CHANGE IMPACT REGULATORY COMPLIANCE ISSUES?

1 A. Since the Vonage Order is currently being appealed, TWCIS and the newly created entity
2 will voluntarily comply with all applicable rules respecting the collection of universal service
3 fund charges, taxes, reporting requirements, and 911 services. However, as stated in the
4 regulatory disclaimer, TWCIS does not want anything in the application or docket to be
5 construed as a concession or agreement by TWCIS that the services at issue constitute
6 telecommunications services, local exchange services, common carrier offerings, or services
7 that are otherwise subject to federal or state regulation.

8 Q. WHAT FACILITIES WILL TWCIS USE TO PROVIDE ITS PROPOSED
9 INTEREXCHANGE AND LOCAL VOICE SERVICES?

10 A. TWCIS predominately uses the facilities of Time Warner Cable to provide the IP voice
11 services. Time Warner Cable owns and manages cable systems serving 10.9 million
12 subscribers in 27 states. In South Carolina Time Warner Cable serves approximately 340,000
13 customers in 71 different communities. At present, Time Warner Cable has more than 68,000
14 high-speed data customers in South Carolina. TWCIS draws upon the engineering and
15 technical support of its specialized staffs to manage its network and provision services. The
16 services are delivered over a managed network with quality of service standards, ensuring
17 that customers are provided with the level of quality offered by traditional telephone service
18 and to which they are accustomed.

19 In order to reach premises not served by Time Warner Cable, calls must at times
20 traverse the PSTN. TWCIS completes these calls through relationships with competitive
21 local exchange carriers that provide a variety of services, including the termination of local
22 and toll calls, the provision of directory assistance and operator services, and the delivery of
23 911 calls to the appropriate public safety answering points. Calls destined for PSTN are
24 terminated in accordance with intercarrier compensation regimes. TWCIS currently has an
25 agreement for MCI to carry TWCIS' traffic. MCI then interconnects with the local exchange

1 carrier. TWCIS intends to start negotiating directly with local carriers for its own
2 interconnection, exchange and commercial agreements. Time Warner Cable's Global
3 Network Operations Center located in Herndon, Virginia will provide operational monitoring
4 and control capabilities to ensure support for customers 24 hours per day, seven days per
5 week.

6 Q. WHICH CARRIER OR CARRIERS SERVE AS YOUR UNDERLYING CARRIER FOR
7 INTEREXCHANGE SERVICES.

8 A. At present, TWCIS uses MCI as its underlying carrier. As indicated above, once the retail
9 tariff is withdrawn, TWCIS will provide wholesale services to the unregulated entity and
10 negotiate its own interconnection, commercial, and exchange agreements with other carriers.

11 Q. HAS YOUR COMPANY BEGUN NEGOTIATIONS WITH ALLTEL IN SOUTH
12 CAROLINA?

13 A. Yes, through its relationship with MCI. MCI is finalizing the negotiations with ALLTEL and
14 anticipates that it will soon file the executed interconnection agreement in South Carolina
15 with ALLTEL.

16 Q. HOW WILL TWCIS BILL FOR ITS SERVICES?

17 A. Consumers will be billed for their voice services, in addition to other Time Warner Cable-
18 provided services, on a single monthly billing statement.

19 Q. HOW WILL TWCIS MARKET ITS SERVICES?

20 A. TWCIS markets its IP voice services, which are branded as "Time Warner Cable Digital
21 Phone," to existing high-speed data service users through direct mail and e-mail campaigns.
22 We also market our IP voice services through other channels, including local television
23 commercials, newspaper advertising and radio broadcasts advertising.

24 Q. WILL TWCIS USE TELEMARKETING AS A METHOD FOR SELLING ITS SERVICES?

25 A. TWCIS has used telemarketing as a method for selling its services to existing Time Warner
26 Cable customers in a promotion which was filed with the Commission. The script was

1 provided to the Commission on June 7, 2004.

2 Q. HOW ARE CUSTOMER INQUIRIES/DISPUTES HANDLED?

3 A. Customers can contact the company's customer service centers by calling the following
4 numbers:

5 Columbia (803) 252-2253
6 Orangeburg (803) 534-7373
7 Sumter (803) 469-2200
8 Myrtle Beach (843) 913-7941
9 Florence (843) 662-8191
10 Summerville (843) 871-7000

11 Customer service representatives are available twenty-four hours per day, seven days a week.

12 Q. IN WHAT OTHER STATES HAS TWCIS OR AFFILIATED ENTITIES RECEIVED
13 AUTHORITY TO PROVIDE INTEREXCHANGE AND/OR LOCAL VOICE SERVICES?

14 A. Time Warner Cable Information Services (North Carolina), LLC was authorized to provide
15 IP-based voice services in North Carolina on July 23, 2003. In addition, the following
16 affiliated entities have also been authorized to provide IP-based voice services by their
17 respective states' utilities commissions: Time Warner Cable Information Services (Maine),
18 LLC; Time Warner Cable Information Services (Ohio), LLC; Time Warner Cable
19 Information Services (Louisiana), LLC; Time Warner Cable Information Services
20 (Minnesota), LLC; Time Warner Cable Information Services (California), LLC; Time
21 Warner Cable Information Services (Nebraska), LLC; Time Warner Cable Information
22 Services (Hawaii), LLC; Time Warner Cable Information Services (Wisconsin), LLC; Time
23 Warner Cable Information Services (Texas), L.P.; Time Warner Cable Information Services
24 (Kansas), LLC; and Time Warner ResCom of New York, LLC. In addition, Time Warner
25 Inc. indirectly owns approximately 44% of the stock of Time Warner Telecom Inc., the
26 parent company of Time Warner Telecom of South Carolina, L.P., which was certified to
27 provide local and long distance services in South Carolina in Docket No. 2000-505-C, Order
28 No. 2001-93, on January 31, 2001. Time Warner Telecom is a separately-managed public

1 company whose stock is traded through NASDAQ and its financial results are not
2 consolidated with those of Time Warner Inc.

3 Time Warner Cable Information Services (Maine), LLC currently services more than
4 22,000 customers in the greater Portland, Maine area with more than 80 percent of customers
5 choosing to port their telephone numbers. Today in the Maine market, the voice service is
6 offered in packages ranging from \$39.95 per month to \$49.95 per month.

7 Q. WHERE DOES TWCIS OR AFFILIATED ENTITIES CURRENTLY HAVE
8 APPLICATIONS PENDING TO PROVIDE SERVICES?

9 A. The following affiliated entities currently have pending applications to provide IP-based
10 voice services at their respective states' utilities commissions: Time Warner Cable
11 Information Services (New Jersey), LLC; Time Warner Cable Information Services (Florida),
12 LLC.

13 Q. HAS TWCIS OR ANY AFFILIATED ENTITY EVER BEEN DENIED CERTIFICATION
14 IN ANOTHER STATE?

15 A. No.

16 Q. HAS TWCIS OR ANY AFFILIATED ENTITY EVER BEEN SUBJECT TO ANY
17 FEDERAL OR STATE INVESTIGATION REGARDING ITS SERVICES?

18 A. No.

19 Q. PLEASE EXPLAIN WHY TWCIS IS SEEKING EXEMPTIONS FROM SOME SOUTH
20 CAROLINA REGULATORY REQUIREMENTS.

21 A. The Commission granted TWCIS certain waivers in Order No. 2004-213. TWCIS requests a
22 continued waiver of the same requirements in regard to this request to amend its certificate
23 for this additional service area. Specifically, the Commission waived the requirements of 26
24 S.C. Regs. 103-610, 103-622.1(d), 103-631, and exempted TWCIS from any requirement
25 that it maintain its financial records in accordance with the Uniform System of Accounts.

26 Q. IN YOUR OPINION, WOULD THE ISSUANCE OF AN AMENDED CERTIFICATE TO

1 TWCIS BE IN THE PUBLIC INTEREST?

2 A. Yes. Competition serves the public interest by bringing about lower rates, improved quality
3 of service, and enhanced services. Amending the certificate will increase competition in the
4 South Carolina telecommunications market using a new technology. As the proposed service
5 relies on existing cable television facilities to reach customer premises, the service represents
6 one of the best hopes for viable competition in the residential telephone market. Granting
7 TWCIS's application will serve the public interest by allowing South Carolina residential
8 consumers in ALLTEL's service areas to have access, in many cases for the first time, to a
9 facilities-based competitive local telephone service. In addition, voice over IP technology can
10 link phone calls with other data which makes several new services possible. The technology
11 offers new flexibility to consumers who may be able to program their phones to redirect calls
12 to other numbers, take messages, and send email responses to a voice call. Furthermore,
13 TWCIS has made a significant investment within South Carolina and provides employment
14 opportunities for South Carolina residents.

15 Q. WILL THE SERVICE TWCIS INTENDS TO PROVIDE MEET THE SERVICE
16 STANDARDS OF THE COMMISSION?

17 A. Yes, TWCIS will comply with all applicable service standards established by the
18 Commission.

19 Q. WILL GRANTING YOUR APPLICATION ADVERSELY IMPACT THE AVAILABILITY
20 OF AFFORDABLE LOCAL EXCHANGE SERVICE?

21 A. No, granting our application will greatly enhance the availability of affordable local
22 exchange service in the State of South Carolina through the introduction of increased
23 competition and alternative service offerings using a new technology.

24 Q. IS TWCIS REQUESTING ALTERNATIVE REGULATORY TREATMENT FOR THE
25 EXPANDED SERVICE AREA?

26 A. The Commission authorized TWCIS to implement an alternative regulatory plan under S.C.

1 Code Sections 58-9-575 and 58-9-585 in Order No. 2004-495. TWCIS requests to be
2 allowed to operate under the same alternative regulatory scheme in ALLTEL's service area.
3 Under the alternative regulatory treatment, the Commission does not fix or prescribe the
4 rates, tolls, charges, or rate structures for TWCIS.

5 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

6 A. Yes.

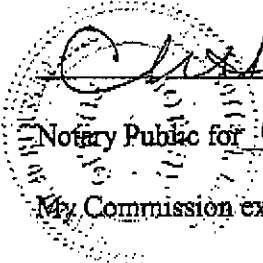
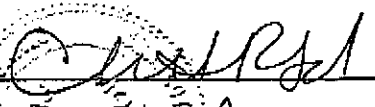
VERIFICATION

Julie Patterson, being first duly sworn, on oath, deposes and states that she is Assistant General Counsel for Time Warner Cable and that she has read the above and foregoing testimony and knows the contents thereof, and that the same are true to the best of her knowledge, information, and belief.



Julie Y. Patterson
Assistant General Counsel
Time Warner Cable

Subscribed and sworn to before me
This 3 day of MARCH, 2005.



Notary Public for Commonwealth of Virginia
My Commission expires on 11/31/2008

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2004-279-C (ALLTEL)

In Re:

)
)
) Application of Time Warner Cable
) Information Services (SC), d/b/a
) Time Warner Cable to Amend it
) Certificate of Public Convenience &
) Necessity to Provide Interexchange
) and Local Voice Services in Alltel
) South Carolina, Inc.'s Service
Areas

CERTIFICATE OF SERVICE

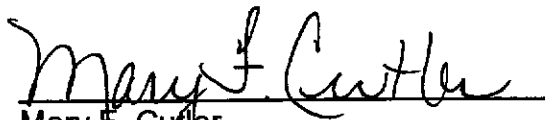
This is to certify that I, Mary F. Cutler, a legal assistant with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the persons named below the **Testimony of Julie Patterson** in the foregoing matter by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

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Dated at Columbia, South Carolina this 3rd day of March 2005.



Mary F. Cutler